

GAO

Testimony

Before the Subcommittee on Legislative
Branch, Committee on Appropriations,
U.S. Senate

For Release on Delivery
Expected at 2:30 p.m. EDT
Thursday, May 21, 2009

**FISCAL YEAR 2010
BUDGET REQUEST**

**U.S. Government
Accountability Office**

Statement of Gene L. Dodaro
Acting Comptroller General of the United States



GAO

Accountability * Integrity * Reliability

Mr. Chairman, Ranking Member Senator Murkowski, and Members of the Subcommittee:

I appreciate the opportunity to be here today to discuss the U.S. Government Accountability Office's (GAO) budget request for fiscal year 2010. At the outset, I want to thank the subcommittee for its support of GAO. We appreciated your efforts in appropriating a fiscal year 2009 amount that provides GAO with the resources to better allow us to assist the Congress in a timely way to address the many difficult challenges facing the nation. I also want to acknowledge the professionalism, talents, and dedication of our GAO workforce in supporting the Congress and improving government for the American people.

In fiscal year 2008, GAO delivered advice and analyses to the Congress in response to requests from all of the standing committees of the House and the Senate, as well as over 80 percent of their subcommittees. The hard work of our staff yielded significant results across the government, including expert testimony at over 300 congressional hearings, hundreds of improvements in government operations, and billions in financial benefits.

I submit for your consideration a request for a fiscal year 2010 appropriation of \$567.5 million to support 3,250 full-time equivalent (FTE) staff. This request represents an increase of \$36.5 million, or 6.9 percent, over our fiscal year 2009 funding level, which would support a 3.5 percent increase over our 2009 FTE level. Importantly, almost 70 percent of our requested increase is needed for mandatory pay and uncontrollable cost increases. While our fiscal year 2009 funding level allows us to make progress in responding to new congressional requests sooner, our fiscal year 2010 request would enable GAO to make greater progress in addressing the issues of greatest interest to the Congress and the American public during these challenging times, which is our highest priority. I am also requesting authority to use \$15.2 million in offsetting collections, as detailed in our budget submission.

GAO Delivers Results on an Increasing Range of Federal Programs

The Congress continues to rely on GAO's nonpartisan, objective analysis and recommendations and has given us new responsibilities and opportunities to play key roles in addressing a number of emerging issues. We are addressing challenges in the financial markets and broader economy through our work overseeing the Troubled Asset Relief Program (TARP), created in 2008. We continue to monitor and report, every 60

days, on the status of the implementation of TARP, and we plan to conduct an annual financial audit of the \$700 billion authorized for the program.

Additionally, GAO is carrying out a range of responsibilities overseeing spending related to the 2009 American Recovery and Reinvestment Act (ARRA)—including bimonthly reviews of how selected states and localities across the country are using the billions of dollars of funds provided to them—and providing targeted studies in several areas, such as small business lending, education, and expanded trade adjustment assistance.

Over the next several years, our work will encompass critical areas, including

- reviewing progress in implementing key activities for the 2010 Census;
- helping to support the Congress’s consideration of changes in the regulatory structure for financial markets and institutions, including the establishment and implementation of controls to help avoid a future financial crisis of the magnitude the nation faces today;
- reviewing the revised governance structure for the housing market and providing targeted analyses to inform decision makers working to restore the functioning of the mortgage market and resolve the ultimate disposition of Fannie Mae and Freddie Mac;
- supporting health care reform efforts and control of health care costs through analysis of expenditures and payment structures in Medicare, Medicaid, the State Children’s Health Insurance Program, and other health programs;
- reviewing the impact of drawing down our resources in Iraq, providing more resources in Afghanistan, and retooling our operations in Pakistan;
- providing balanced and objective assessments of the use of emerging technologies in the context of federal programs and public policy issues, such as green energy, energy efficiency, health information technology, homeland security technologies, climate change, science and math education programs, as well as the technical challenges of developing sophisticated space and defense systems;
- reviewing initiatives to enhance protection of cyber assets;

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- assessing contractor management, sourcing strategies, and contracting reforms; and
 - helping the Congress tackle both new and continuing high-risk areas, such as protecting public health through enhanced oversight over medical products, food safety, and toxic chemicals.

Finally, as part of fulfilling our commitments under the Presidential Transition Act, as amended, GAO is serving as a key resource for the Congress and the administration on major challenges needing the attention of the 28 largest departments and agencies across government, as well as 13 other issues facing our nation that require urgent attention and continuing oversight. In addition to those already mentioned, these include

- preparing for public health emergencies,
- improving the U.S. image abroad,
- protecting the homeland,
- caring for service members, and
- defense spending and readiness.

Our work receives great interest not only from the Congress but from the American people. For example, while our reports routinely receive media and public interest, in the first half of fiscal year 2009, 12 GAO reports were downloaded over 10,000 times each from our external Web site, www.gao.gov. These reports covered an array of important issues, including

- veterans' health care and the challenges of recruiting and retaining inpatient nurses,
- Medicaid outpatient drug reimbursements and comparisons with retail pharmacy acquisition costs,
- private equity and the risk of leveraged buyouts,
- the outdated financial regulatory system and the need for a modernized framework, and

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- defense logistics and the need for better analyses and cost data to support performance-based decisions.

In addition to our work in response to congressional requests, GAO also issues products that provide agencies with guidance and best practices, or that otherwise support greater accountability and oversight in government. In the first half of fiscal year 2009, 13 of these products were downloaded over 10,000 times each from our external Web site. The top five picks were (1) special publications on the principles of appropriations law, (2) the 2009 high-risk update, (3) updated guidance on government auditing standards, (4) the GAO cost estimating and assessment guide, and (5) highlights of our May 2007 health care forum focusing on steps needed to meet future challenges.

I am pleased by the recognition GAO receives from ordinary Americans and civil servants alike as a continuing source of reliable, unbiased information about how government operations can be improved.

High Congressional Demand for GAO Services

GAO is an invaluable resource for helping the Congress provide oversight, accountability, and transparency in government. The demand for GAO services continues to remain high as a direct result of the high quality of our work, and this high demand is an indication of the Congress's desire for timely and objective analyses and professional advice. In each of fiscal years 2007 and 2008, GAO received over 1,200 requests and mandates. The number of congressional mandates, our highest-priority work, more than doubled from fiscal year 2007 to 2008. In addition, as evidenced above, our work covers more and more complex issues across a broad range of federal programs, requiring more in-depth analysis to complete.

This congressional demand for GAO studies also has affected our ability to respond promptly to congressional requests. For instance, in fiscal year 2008, GAO delayed starting work on 21 percent of our accepted requests due to staff unavailability. The average time we took to initiate congressionally requested engagements was almost 5 months in the first half of 2009, compared with less than 3 months in fiscal year 2005.

In addition, GAO is providing testimony at an increased number of congressional hearings. We testified at 304 hearings in fiscal year 2008. This was the second highest number for GAO in the last 25 years.

We expect to continue receiving a high volume of requests related to either the nation's new challenges, such as the recent developments in the

financial markets and economy, or to the many emerging initiatives of the Congress and the administration. Moreover, all Senate committees are required to review programs within their jurisdiction to root out fraud, waste, and abuse in program spending—giving particular scrutiny to issues raised in GAO reports—and develop recommendations for improved government performance. Also, recent changes to House rules require each standing committee or subcommittee to hold at least one hearing on any issue raised by GAO that indicates that federal programs or operations authorized by that committee or subcommittee are at high risk for fraud, waste, abuse, or mismanagement.

Our January 2009 issuance of the biennial, *High-Risk Series: An Update*, which identifies federal areas and programs at risk of fraud, waste, abuse, and mismanagement, as well as those in need of broad-based transformations, identified 30 at-risk federal programs. Issued to coincide with the start of each new Congress, our high-risk updates have continued to help to focus and sustain attention to these programs so that executive branch officials who are accountable for each program's performance, as well as members of the Congress, have the information needed to complete their oversight responsibilities. The high-risk update report is available on our Web site at <http://www.gao.gov>.

GAO's Fiscal Year 2010 Budget Request

With the increased capacity included in our fiscal year 2010 appropriation request, we can continue to assist the Congress with oversight over a broad range of federal programs. As a knowledge-based organization, about 80 percent of GAO's budget funds staff compensation and benefits, with much of the balance of our budget funding mandatory operating expenses, such as security services and other critical infrastructure services necessary to support our ongoing operations. For this reason, a significant portion of our requested funding increase is not discretionary.

Our requested increase for fiscal year 2010 of \$36.5 million seeks funds to cover

- mandatory pay increases resulting primarily from annual across-the-board and performance-based increases, as well as pay raises required by the GAO Act, including the annualization of prior fiscal year compensation costs;
- uncontrollable inflationary increases imposed by vendors as part of the cost of doing business;

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- nonrecurring fiscal year 2009 costs resulting from program improvements, which can offset about one-third of our mandatory and inflationary changes;
 - strengthening our staff capacity to provide timely support to the Congress in confronting the broad array of critical challenges facing the nation, including
 - helping to support the Congress's consideration of changes in the regulatory structure of financial markets and institutions,
 - providing targeted analyses to inform decision makers working to restore the functioning of the mortgage market,
 - supporting health care reform efforts and the control of health care costs, and
 - providing assessments of technologies in the context of federal programs and public policy issues, and
 - program changes supporting critical investments to (1) provide employee development and benefits, (2) implement technological improvements, and (3) strengthen our infrastructure.

Table 1: Fiscal Year 2010 Summary of Requested Changes

Dollars in thousands

Budget category	FTEs	Amount	Cumulative percentage of change FY 2009 to FY 2010
FY 2008 actual	3,081	\$498,548	
FY 2009 revised estimate	3,141	\$531,000	
FY 2010 requested changes			
Mandatory pay		\$19,475	3.7%
Inflationary cost increases		5,714	4.7%
Nonrecurring FY 2009 costs		(8,338)	3.2%
Staff capacity	109	16,826	6.3%
Program changes		10,407	8.3%
Increase in offsetting collections		(7,587)	6.9%
Subtotal-requested changes	109	\$36,497	
Appropriation	3,250	\$567,497	6.9%

Source: GAO.

Concluding Remarks

I believe that you will find our budget request well-justified as it will ensure that GAO has the necessary staff and resources to strengthen our capacity to provide timely assistance to the Congress to confront the difficult challenges facing the nation and help improve government for the American people.

With your support of our 2010 budget request, we will continue rewarding the confidence you place in us by maintaining a strong return on this appropriation investment as we help to improve services to the public, change laws, and improve government operations.

We are grateful for the Congress's continued support of our efforts to help improve government performance, accountability, and transparency. GAO remains committed to providing accurate, objective, nonpartisan, and constructive information to the Congress to help conduct effective oversight and fulfill its constitutional responsibilities.

Mr. Chairman and Ranking Member Senator Murkowski, this concludes my prepared statement. I would be pleased to respond to any questions that you or other Members of the subcommittee might have.

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GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

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